

Message Text

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43

ACTION XMB-04

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 9769

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UNCLAS NAIROBI 9058

FOR EXIMBANK CHAIRMAN WILLIAM CASEY DEPARTMENT PLEASE
PASS ASSISTANT SECRETARY THOMAS ENDERS, EB

E.O. 11652: N/A

TAGS: EAIR, BTIO, KE

SUBJECT: APPLICATION TO EXIMBANK BY EAST AFRICAN
AIRWAYS FOR FINANCING BOEING AIRCRAFT

1. A.B. S. KILEWO, CHAIRMAN, EAST AFRICAN AIRWAYS
CORP. (EAAC), NAIROBI, HAS SOUGHT MY SUPPORT FOR HIS
ORGANIZATION'S APPLICATION TO EXIMBANK FOR FINANCING
THE PLANNED PURCHASE OF AT LEAST TWO AND POSSIBLY THREE
USED OR NEW BOEING 707-320-C'S. COL. G.W. TOKO, DIRECTOR
GENERAL OF EAAC, SUBMITTED THE APPLICATION BY LETTER DATED
OCT. 16, 1974 ADDRESSED TO HENRY KEARNS (SIC), EXIMBANK.

2. IF EAAC CAN FIND THE PREFERRED USED VERSION, IT
EXPECTS THAT EACH UNIT PLUS SUPPORTING SPARES AND
EQUIPMENT WOULD COST ABOUT US\$8.5 MILLION. EAAC IS NOT,
HOWEVER, RULING OUT THE PURCHASE OF NEW AIRCRAFT,
FOR WHICH IT WOULD WISH DELIVERY WITHIN TWELVE MONTHS.

3. MR. KILEWO SAID THAT EAAC HAS DECIDED TO BUY
BOEING'S AS IT PHASES OUT ITS FOUR SUPER VC-10'S WHICH
IT CONSIDERS UNECONOMICAL AND WHICH ARE NOW REPORTEDLY
OUT OF PRODUCTION WITH BAD IMPLICATIONS FOR THE AVAILABILITY
OF SPARE PARTS AND SERVICING. THE COMPANY HAS NOT
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YET PLACED AN ORDER WITH BOEING PENDING (A) EXPLORATION

OF FINANCING POSSIBILITIES; (B) A DECISION ON WHETHER TO PURCHASE NEW OR USED AIRCRAFT.

4. EXIMBANK HAS DEALT PREVIOUSLY WITH EAST AFRICAN AIRWAYS THROUGH LOAN NUMBER 02899, AUTHORIZATION DATE AUG. 20,1970, WHICH FURNISHED PART OF FINANCING FOR THE PURCHASE OF THREE DC-9 COMMERCIAL JETS. I ASSUME EXIM'S CREDIT EXPERIENCE WITH EAAC HAS BEEN GOOD.

5. I STRONGLY RECOMMEND A FAVORABLE, EXPEDITIOUS REPLY TO EAAC ON ITS CURRENT APPLICATION. IT WILL BE PLEASED TO PASS ON EXIM'S PRELIMINARY REACTION TO MR. KILEWO. I HOPE THIS WILL INCLUDE ADVICE ON WHETHER EXIM IS CURRENTLY FINANCING USED AIRCRAFT AND AN IDEA OF THE LIKELY TERMS FOR EITHER USED OR NEW AIRCRAFT.

MARSHALL

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